

Auditor's Summary

Financial Audit of the Department of Transportation, Harbors Division

Financial Statements, Fiscal Year Ended June 30, 2016



PHOTO: DOT HARBORS DIVISION

THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Transportation, Harbors Division (DOT–Harbors), as of and for the fiscal year ended June 30, 2016. The audit was conducted by KKDLY LLC.

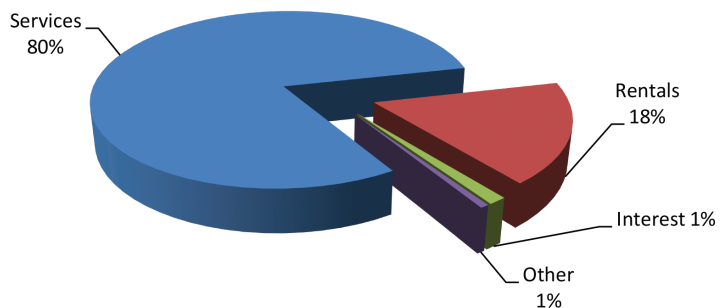
About the Division

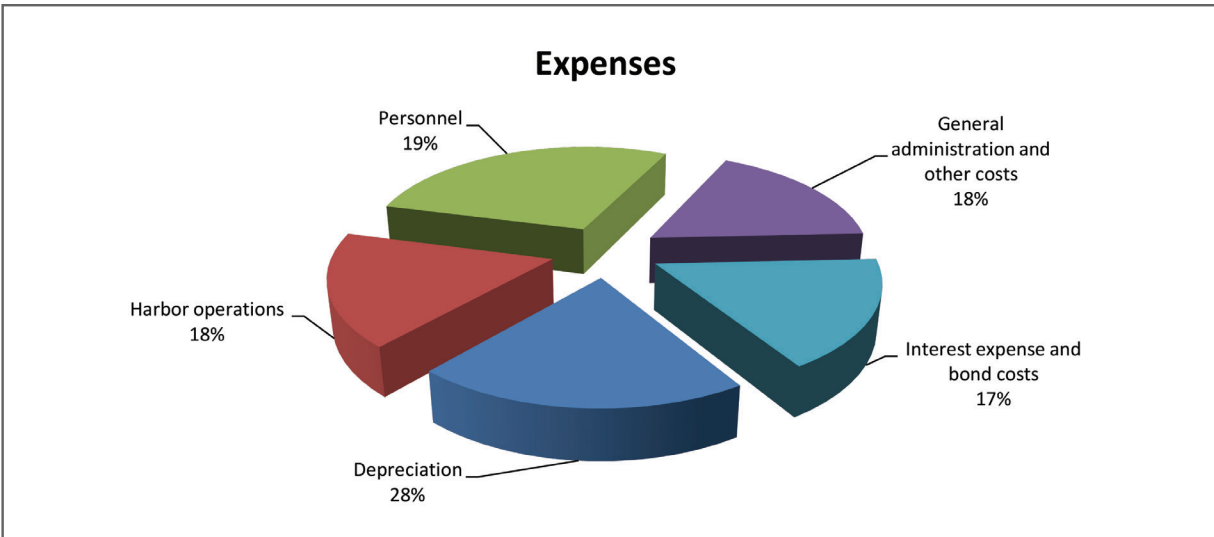
DOT–HARBORS is responsible for the statewide system of commercial harbors, consisting of ten harbors on six islands. The system plays a vital role in Hawai'i's economy as the ports serve as the primary means for goods to enter and exit the State. Hawai'i imports approximately 80 percent of what it consumes, the majority of which enters the State through the commercial harbors system. DOT–Harbors imposes and collects rates and charges for use of the harbors system to generate revenues to fund operating expenses. Capital improvements are funded by DOT–Harbors' revenues and the issuance of harbor system revenue bonds.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2016, DOT–Harbors reported total revenues of approximately \$131.8 million and total expenses of \$93.1 million, resulting in a net increase in net position of \$38.7 million. Total revenues consisted of \$106 million in services, \$23.3 million in rentals, \$800,000 in other revenues, and \$1.7 million in interest income.

Sources of Revenues





Expenses consisted of \$26 million in depreciation, \$16.4 million in harbor operations, \$15.7 million in interest and bond costs, \$19 million for personnel, and \$16 million in administration and other costs.

As of June 30, 2016, DOT–Harbor’s total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by approximately \$798.5 million. Of this amount, \$192.9 million was unrestricted and available to meet ongoing expenses and obligations. The largest portion of the net position is DOT–Harbor’s net investment of \$528.7 million in capital assets, which represents amounts invested in capital assets (such as land improvements, wharves, buildings and equipment) less related indebtedness outstanding to acquire those capital assets. The remaining portions of the net position are restricted for revenue bond requirements in the amount of \$34.6 million and restricted for capital projects in the amount of \$42.3 million.

Auditors’ Opinion

DOT – HARBORS RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO REPORTED DEFICIENCIES in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports2016_Audit/DOT_Harbors_2016.pdf